



Postsecondary Education 2012-14 Budget Request – Update (11/10/2011)

Over the past nine months, CPE staff members worked collaboratively with university and KCTCS presidents, chief budget officers, chief academic officers, legislative liaisons, and the Council Budget Development Work Group to develop the Council's 2012-14 budget requests to the Governor and General Assembly.

Highlighted below is a summary of the major funding components of CPE's 2012-14 operating and capital budget recommendation for postsecondary education.

Operating Budget

- **Base state appropriations in FY12 of \$1.006 billion and technical adjustments**
 - FY 12 base includes \$18.9 million in replacement funds due to federal EdJobs MOE.
 - Technical base adjustments in FY13 and FY14 for debt service on bonds issued prior to reform, UofL hospital contract to help serve economically disadvantaged citizens, and the level of funds required to fully match federal funding of KSU's land grant program.
- **Maintenance & operating funds for new facilities (\$40 million or 4.1%)**
 - \$37 million unfunded M&O on new facilities between FY08-FY12 to recover institutional funds currently being used to pay for utility and energy costs, as well as maintenance and janitorial staff, which could be used to support strategic campus investments.
 - \$3 million new M&O in FY12-14.
- **Strategic investments aligned with new strategic agenda (\$57.2 million or 5.7%)**
 - *College readiness* (FY13) investments for SB 1 (2009) implementation activities related to improving and revising new teacher preparation programs, enhancing professional development of college faculty and existing K-12 educators, improving and re-designing developmental education courses, curriculum, and pedagogy, and increasing the number of college ready students. (\$17.2 million in FY13)
 - *Student Success* (FY14) performance funding concept developed with campus representatives to provide institutional financial incentives to achieve aggressive performance targets on degree production, graduation rates, achievement gaps for underprepared students, and transfers. These strategic investment funds will be requested in FY14, pre-allocated based upon each institution's percent share of total public funds, and distributed based upon improvement in institutional performance in FY12-13. Unearned funds will carry forward into the next biennium to be earned and any unearned funds at the end of FY16 will be used to support need-based student financial aid. (\$25 million in FY14)



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Strategic investments (Continued)

- *Research, Economic, & Community Development* (FY13) investments to enhance UK and UofL's research missions, continue to make progress on HB 1 (1997) reform goals, and stimulate local, regional, and statewide economic development. These strategic investments will be used to recruit and retain renowned research faculty and staff, bolster critical research infrastructure, develop "proof-of-concept" and translational research grant programs, establish planning and interdisciplinary grant programs, and leverage and/or attract federally-sponsored centers, programs, and research grants and contracts to Kentucky. (\$15 million in FY13; \$10 million UK and \$5 million UofL)
- *Bucks for Brains* (FY14) investments in the endowment match program designed to stimulate private giving to universities, the capital match program designed to support research related infrastructure at the research universities and educational and general infrastructure projects at the comprehensive universities, and a newly developed research match program for UK and UofL faculty designed to stimulate increased contracts and grants from federal and other external sources. (\$75 million; \$60 million for UK and UofL; \$10 million for comprehensive universities)

Capital Investments (\$1 billion in FY12-14; \$1 billion in FY14-16, and \$1 billion in FY16-18)

- Multi-year approach mirrors six-year capital plans and helps improve campus planning, academic and student services, and research.
 - \$3 billion in capital investments over six years equates to approximately 38% of projected need based upon comprehensive VFA campus facilities study.
 - Improves balance between capital renewal/major renovation and new projects.
 - Campus distributions based on combination of VFA data and institutional mission.
- **Asset preservation and major renovation (\$1.6 billion or 54% over three biennia)**
 - Grounded in VFA study (2007) intended to update current facilities and reduce ongoing maintenance and operations (M&O) costs.
 - **New and expanded (\$1.4 billion or 46% over three biennia)**
 - Focus on top priorities for each campus that can be funded over six-year period.
 - **Technology (\$60 million in FY12)**
 - High speed connections, maintain rural access to postsecondary education, research, and support services, reduce need for bricks and mortar, and stimulate efficiency and innovation across postsecondary education.



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CPE Agency Budget (\$3.9 million or 8.2%)

- **CPE Staff and Operating Costs**
 - “Defined calculations” recommended in LRC’s 2012-14 budget guidelines, as well as extra pay period in 2012-13.
 - Operating cost increases of 1.8% in FY13 and 4.0% in FY14.
- **Kentucky Adult Education**
 - Additional funds to align curriculum with common core standards and to support personnel costs of nearly 1,000 positions statewide located in all 120 counties, as well as other operating costs including study materials and technology.
- **Pass-Through Funds for Statewide Student Assistance and Educational Support, Academic Support, and Research and Economic Development**
 - Support for the Kentucky Virtual Campus and various Kentucky Virtual Library contracts utilized statewide, as well as high speed internet connectivity.
 - Contract spaces program which includes financial grant support for students interested in pursuing veterinary medicine and optometry.
 - Various other statewide educational support programs and services including the Professional Educational Preparation Program, the Minority Student College Preparation Program, the State Autism Training Center, the SREB Doctoral Scholars Program, and the Washington Internship Program.
 - Science and Technology Funding Program coordinated by the Kentucky Science and Technology Corporation.
- **SB 1 (2009) Statewide Implementation Strategies**
 - Various assessment and placement activities including assessment academies, examination of transitional coursework and placement exams, and communication of standards.
 - Various activities related to implementation of new common core standards for English, Math, Science, and Social Studies, evaluation of bridge programming for college readiness and transfer, and other statewide communication and meetings designed to achieve SB 1 (2009) expected student outcomes.